LOS ANGELES COUNTY ISD INTERNAL SERVICES

COUNTY OF LOS ANGELES
Internal Services Department
1100 North Eastern Avenue
Los Angeles, California 90063

Tom Tindall
Director

To enrich lives through effective and caring service.

Telephone: (323) 267-2101
FAX: (323) 260-5237

August 27, 2009

To: Each Supervisor

From: Tom Tindall *Tom Tindall*
Director

Subject: **ENERGY & ENVIRONMENTAL POLICY TEAM REPORT #6**

This memo provides an update on the accomplishments and activities of the Energy and Environmental Policy Team (Team) created through your Board's approval of the Countywide Energy and Environmental Policy (Policy) on January 16, 2007.

TEAM ORGANIZATION

The Team is led by the ISD and includes representatives from County Counsel, Chief Executive Office, Department of Public Works, Department of Parks and Recreations, Sheriff's Department, Public Library Department, Department of Health Services, Department of Public Health, Department of Community and Senior Services, Community Development Commission, Southern California Edison, Southern California Gas Company, and the Los Angeles Department of Water & Power.

The Team meets bi-monthly. Working committees have been established within each program area listed below and meet as necessary to accomplish the goals of the Policy.

- Energy and Water Efficiency Program
- Green Building Operations Program
- Environmental Stewardship Program
- Public Education & Outreach Program

Under the Policy, the Team investigates and develops energy and environmental programs for implementation into County facilities and operations. The Team also supports other departments on programs initiated by the Board including those that impact constituents County-wide or in County unincorporated areas.

RECENT ACCOMPLISHMENTS

The last report was issued on February 19, 2009. The following is a summary of significant activities and accomplishments since that report.

- The Team created a committee that confirmed the feasibility of implementing a property-assessed clean energy program under Assembly Bill (AB) 811. Under AB 811, counties and cities could provide municipal financing for energy efficiency and renewable energy projects on private property. The financing remains with the property if it is sold and is repaid through a line-item assessment on the property tax bills. The committee, through the CEO, has been providing monthly updates to your Board on this very important program. The latest update is attached.

- The County's Energy & Environmental Efforts website is now an internet site and available to the public: http://green.lacounty.gov. The site provides updates on the many, many activities that support national, state, local and the County's own policies on energy and the environment. All of the documents described in this update report are available on the website.

- On May 6, 2009, ISD submitted a report in response to a Board motion (January 13, 2009) requesting a plan for developing a Comprehensive Renewable Energy Program. The report is quite lengthy and can be found on the County's green website. Given that, the memo response to the Board, only, is attached.

- ISD and the CIO have completed a Solar Map which provides any building owner in the County with information about solar power installations: http://solarmap.lacounty.gov. The Solar Map utilizes the data from the CIO's latest aerial imagery mapping project and solar power software to provide preliminary savings information from a solar power project. The Solar Map also includes information about project costs, installation details, and where to get more information on pursuing a solar installation.

- Public Works and ISD received a Quality and Productivity Commission Investment Fund grant and loan to certify our headquarters under LEED EB-OM (Existing Building - Operations and Maintenance) guidelines. Efforts are underway to meet the certification requirements – expected certification dates are around March of 2011. A planned outcome of this effort is that ISD will develop certain County green building policy standards that meet LEED EB-OM requirements for use for all County buildings. ISD will also develop a LEED EB-OM certification process template for use by other departments. ISD will also provide assistance to departments that wish to investigate LEED (or other green building standard) certification for existing buildings. We will keep your Board apprised as the certification and the development of this program approaches.

- The Team supported the CEO's Quality and Productivity Commission in creating the Countywide Green Leadership Awards which recognize individual and organizational achievements in regional, environmental stewardship. The Team selected the initial program awardees from a pool of applicants in a variety of categories. The awardees received County scrolls and were recognized at the Board meeting held on April 29, 2009. The event and award winners are highlighted at http://green.lacounty.gov.

- Through membership in the Local Government Sustainable Energy Coalition (LGSEC), the County and other member local governments are able to pool resources to more efficiently track, report on, and participate in key energy and environmental activities (including regulatory proceedings). The latest LGSEC report which includes updates on AB 32, utility issues, energy efficiency programs and renewable energy policies is attached.

- The Team continues to support a variety of County programs that are led by other organizations. These include:

    - Development of programs to limit or ban the use of polystyrene food containers and plastic bags (led by the CEO and DPW);

    - Implementation of an ordinance to phase-in green building certification requirements for private development in unincorporated County (led by Regional Planning and Public Works); and

    - Implementation of the County Capital Project Program to certify new County buildings (>10,000 square feet) at the United States Green Building Council's LEED Silver level.

Further details on the Team activities described above are included as attachments and may be found at http://green.lacounty.gov. If you have any questions, please contact me at (323) 267-2101 or Howard Choy at (323) 267-2006.

TT:hc
Attachment(s)

c: William Fujioka, CEO
Ellen Sandt, DCEO
ISD Board Deputies
Each Department Head

County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

May 6, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

RENEWABLE ENERGY PROGRAM: RESPONSE TO JANUARY 13, 2009, BOARD DIRECTION

On January 13, 2009, on motion of Supervisor Knabe, as amended by Supervisors Ridley-Thomas and Yaroslavsky, your Board directed the Chief Executive Office (CEO), with support from Internal Services Department (ISD) and the Department of Public Works (DPW), to create an action plan for developing a Comprehensive Renewable Energy Program.

The Board action requested a report back on a number of energy and environmental issues, including constituent initiatives, renewable energy sources, current energy usage and cost data, legislative recommendations, the role of the County's Energy and Environmental Team, and related topics. The complete Board action is provided as Attachment I.

On February 20, 2009, we submitted an initial response to your Board (Attachment II). In that document, we indicated that the remainder of the Board action would be addressed by April 2009.

Attachment III provides a comprehensive report to address each item that was included in the January 13, 2009, Board action.

Due to the length of the attachment, this memo summarizes our general response to the Board action. For brevity and clarity, we have re-categorized the Board's requests above into three general questions:

1. What is the County doing to implement a constituent program for energy and environmental services?
2. How can the County best implement a renewable energy program for both internal operations and for constituents?
3. Given the magnitude and scope of developing an overall County Climate Change program, how can the County deploy its resources to effectively evaluate and implement greenhouse gas reduction goals and measures for achieving those goals?

The remainder of this memo addresses these three issues.

1. What is the County doing to implement a constituent program for energy and environmental services?

A constituent-focused initiative will be provided through the development of a County Community Energy Services Program. This program will provide technical support and incentives to constituents for implementing energy efficiency measures and renewable energy projects. We will be expanding our LA County green website, http://green.lacounty.gov, to provide energy and environmental services information for constituents. We are also analyzing the cost and feasibility of establishing regional offices to support this program in areas where these programs are needed the most.

Initial funding to develop and implement the Community Energy Services Program can be provided from programs authorized under the Federal American Recovery and Reinvestment Act (ARRA). Under ARRA, the County is expected to receive $15.4 million in Federal Energy Efficiency and Conservation Block Grants. State Energy Program competitive grants are also available to fund these types of programs. It is anticipated that as much as $10 million of the County's $15.4 million Block Grant allocation could be recommended for use on this program.

The key element within this program will be the County's development of an AB 811 municipal financing program, which allows building owners to finance solar power installations through property tax assessments and payments. The financing under this program, by statute, is permitted to cover program operating and administrative costs. This could provide long-term funding beyond the initial Block Grant funding. Further discussion on how this program will be implemented is contained in the detailed report.

ISD has been delegated by the CEO as the coordinator of all ARRA energy-related grants and will include this program in the Block Grant and competitive grant applications. We plan to return to your Board in the Final Changes phase of the fiscal year 2009-10 budget process to seek budgetary approval for this program.

2. How can the County best implement a renewable energy program for both internal operations and for constituents?

The County should develop renewable energy projects on existing County facilities and property. The newly created County Solar Map (an internet-based solar potential calculator for all buildings located within the County) indicates that there is tremendous solar power potential on County-owned assets.

Developing solar power and solar water-heating projects on County facilities will provide energy savings and contribute to reducing greenhouse gas production in County operations. It is recommended that renewable energy projects on County facilities be financed using Power Purchase Agreements (PPAs). PPAs are similar to lease-financing arrangements and allow private, renewable energy project developers to pass through significant tax incentives to the County. We are working with County Counsel to see how PPAs could work within the County's legal and financial structure.

A reasonable initial target for renewable power production in the County on existing facilities is to offset 1% of current County energy consumption. This would offset 10 million kilowatt hours (kwh) of electricity use, contribute towards the AB 32 goal of achieving 1990 greenhouse gas reduction levels by 2020, and could be implemented while achieving a positive Net Present Value over the life of the projects. Roughly, this effort would cost $25 million, but under a PPA, the County may be able to implement these projects without providing up front capital. ISD can facilitate these projects under its Energy Projects Master Agreement.

The County should also pursue developing large-scale renewable power projects on appropriate County property or on private property (through a public-private joint venture). Developing larger scale projects provides economies of scale on project costs. Additionally, new legislation (AB 2466) provides greater revenues for this generated power compared to selling the power to utilities or power marketers. AB 2466 allows the County to offset renewable power generated at one location against other County accounts – thus ensuring that excess generated renewable power can fully offset electricity rates on County accounts.

Lastly, the ARRA has funded two Federal Tax Credit Bonds (Clean Renewable Energy Bonds and Qualifying Energy Conservation Bonds) which provide financing incentives for large, municipal renewable energy projects. This Office will work with ISD and Treasurer/Tax Collector to evaluate these opportunities.

More detailed recommendations and analysis are provided in the detailed report.

3. **Given the magnitude and scope of developing an overall County Climate Change program, how can the County deploy its resources to effectively evaluate and implement greenhouse gas reduction goals and measures for achieving those goals?**

The Energy & Environmental Policy Team was created by your Board to bring together representatives from within the County to help develop the Countywide Energy & Environmental Policy and to evaluate and recommend additional policy programs.

The output of the Team's work to date is documented in semi-annual updates that have been provided to your Board, and in the development of the County's Green Website: http://green.lacounty.gov. This website describes the environmental programs and activities undertaken by the County for both internal operations and on behalf of constituents. The development of the website has been a critical, initial role undertaken by the Team, to create a tool which documents and describes all of the County environmental efforts.

The Policy Team has also prepared a draft County Climate Change Program (Attachment IV), which provides a plan for reducing greenhouse gas emissions in County internal operations and for constituents, how to comply with legislative and regulatory policies and requirements, how to promote County programs, and how to fund and administer all activities. However, the Policy Team is, for the most part, a voluntary committee of department representatives willing to develop and propose new programs for the County's Energy & Environmental Policy. The Policy Team does not have the dedicated resources necessary to implement, administer and monitor all of the County programs.

In addition to this renewable energy policy, the Climate Change Program identifies 22 other programs that need this type of assessment, analysis and day-to-day management. As evidenced by the detailed report on developing a renewable energy program for the County, additional dedicated resources are required to manage and implement this effort.

During the Final Changes phase of the FY 2009-10 budget process, we will recommend that your Board approve additional resources to further develop, implement, manage and measure progress of the Climate Change Program.

If you have any questions, or require further information, please contact Ellen Sandt, Deputy Chief Executive Officer, at (213) 974-1186 or esandt@ceo.lacounty.gov.

WTF:EFS:LS:ef

Attachments (4)

c. Assessor
Auditor Controller
Executive Officer, Board of Supervisors
Acting Chief Information Officer
Acting County Counsel
Director, Internal Services Department
Director, Public Works
Acting Director, Regional Planning
Treasurer and Tax Collector

K:\Board Memos\CEO Board Memos Word\ARRA\05.05.09 Comprehensive Renewable memo.doc

LGSEC Activities Update #6
May 2009

The Local Government Sustainable Energy Coalition (LGSEC), as part of its membership services, provides this recap of activities at State agencies that the LGSEC governing board has chosen to follow. These topic areas currently include climate change, energy efficiency programs, renewable energy policies, utility rates, and community choice aggregation. The LGSEC Board believes that these are issues of interest to members and may warrant future participation in proceedings or other activities. As LGSEC membership grows, or as priorities adjust, topics may change.

The LGSEC Welcomes New Members

The LGSEC is pleased to welcome new members:
- City of Berkeley
- City and County of San Francisco

IN THIS MONTH'S NEWSLETTER

CLIMATE CHANGE

California's Implementation of AB 32

As the chief agency with oversight over AB 32, the California Air Resources Board ("CARB") is implementing more than 70 measures pursuant to the Scoping Plan approved in

December 2008. The measures adopted to date deal with the "discrete early actions" first identified in 2007 (among these measures is the "Low Carbon Fuel Standard," which received a great deal of attention when it was adopted in April 2009). Because the proposed cap-and-trade measure is so complex, CARB has divided it up into smaller components, which will evolve between now and late 2010 when CARB is scheduled to adopt the system as a whole.

Allowance Set-Asides

As energy efficiency is one of the LGSEC's primary interests, LGSEC is focusing on whether and how CARB will credit local governments for investments in energy efficiency that result in lower GHG emissions. CARB's consideration on how "allowance set-asides" could be allocated under the planned cap-and-trade system could be an important factor in determining the magnitude of local government investments in energy efficiency programs. As defined by CARB, set-asides are a pool of allowances reserved for specific purposes, such as incentives for energy efficiency, water efficiency and land use planning, recognition of voluntary emissions reductions, and recognition of projects that reduce emissions in low-income or disadvantaged communities

On April 30, 2009, representatives of the LGSEC met with several CARB representatives in Sacramento to discuss the proposed use of allowance set-asides. In a cap-and-trade system, capped entities would likely include electricity generators and industrial facilities that consume large amounts of fossil fuels. These are so-called "direct emitters." Each year, in a cap-and-trade system, allowances would be distributed to these emitters based on a certain baseline. These allowances will decrease each year, effectively requiring the emitters to reduce their GHG emissions each year. If a capped entity produces a greater amount of GHG emissions than the distributed allowances, the entity would have to purchase additional allowances (from an entity with excess allowances) before the end of the compliance period.

If allowances are only distributed to these direct emitters, the cap-and-trade system would fail to encourage indirect emitters (including large consumers of electricity) to make reductions in energy usage that then result in GHG reductions. A system of *set aside* allowances, reserved for allocation to such indirect emitters, would address this problem by rewarding efforts to reduce GHG emissions. Set-asides function like "offsets," but due to technical reasons, are the preferred method to credit GHG reductions associated with energy efficiency projects and programs. LGSEC presented a proposal (prepared by McCormick Climate Consulting) to CARB on how to design a set-aside program.

At the Sacramento meeting, there was a healthy exchange concerning many issues, including the degree to which allowance set-asides would encourage energy efficiency measures. CARB staff was very engaged, and acknowledged that allowance set asides would have a political value to communities as well as an economic value. CARB also seemed intrigued with the thought that California's plan could be used as a national model to encourage energy efficiency across the country.

CARB held a workshop on allowance set-asides on May 18, 2009. Based on the meeting materials distributed for that meeting, it is clear that CARB staff are not yet proposing details concerning allowance set-asides, and it is quite possible that CARB may choose an alternate method for rewarding local government actions that reduce GHG emissions. One option could include directing a certain portion of revenue from the sale of auctioned allowances to local governments. Notably, CARB posted LGSEC's proposal for other parties to review. Written comments from interested parties are due on June 12, 2009.

CARB has indicated that it will work with the CPUC to assess opportunities to reward energy efficiency in the AB32 cap and trade program. A key issue for LGSEC to address is the extent to which local government energy efficiency activities will take place outside of the public goods charge program run by the CPUC, for example, through AB 811. Furthermore, CARB is seeking information on the cost effectiveness of the potential energy efficiency work that could be undertaken by local governments.

Offsets

In addition to allowance set-asides, CARB is considering the use of offsets. Offsets are very similar to set-asides emission reduction projects in that offsets would come from projects in sectors not included in a cap-and-trade program. Under the eventual rules governing a California cap-and-trade system, capped entities could purchase a certain amount of credits from offset projects to reduce their compliance obligations. The details of the scope and use of offsets have yet to be determined. (CARB has adopted voluntary offset protocols for forests, manure digesters, and urban forestry, but has not yet decided whether to allow offsets for these types of projects in the cap-and-trade program.) Credits will only be allowed for offsets if the project is real, permanent, quantifiable, verifiable, enforceable, and additional to already-mandated GHG reductions. Written comments from interested parties are due on June 19, 2009.

General Local Government Programs

At the CARB Board meeting on May 28 or 29, 2009, CARB staff will introduce the "Local Government Toolkit," a clearinghouse of tools, guidance, and resources to facilitate voluntary greenhouse gas emission reductions among California cities and counties. The Toolkit will include a step-by-step approach to climate action planning, recommended actions to conserve natural resources and save money, a summary of financial resources available, and California success stories. The toolkit will be available at http://www.coolcalifornia.org/local-government.

Federal Activities Concerning Climate Change

Congress and the Obama Administration are poised to address climate change this year. The key question for California with the proposed federal legislation is what impact, if any, the legislation will have on CARB's ongoing efforts to implement AB 32.

On May 15, 2009, Representative Henry Waxman of Los Angeles unveiled an expansive

932-page bill that reputedly has the support of a majority of members of the U.S. House of Representatives' powerful Energy and Commerce Committee. The bill, entitled the "American Clean Energy and Security Act of 2009," will go through markup by that 59-member committee during the week of May 18, 2009. Representative Waxman, who chairs that committee, has stated that he hopes to move the bill out of committee by Memorial Day, May 25, 2009. Certain other provisions in the bill would be considered by the Ways and Means Committee and other committees, prior to the bill's consideration on the House floor. On the U.S. Senate side, Majority Leader Harry Reid has announced that the Senate will take the House's lead and await passage of the bill, in lieu of advancing a separate version in the Senate (this is expected sometime after July 4, 2009). We note that Republicans are nearly uniformly opposed to the legislation, and many Democrats have not yet taken a position.

As currently drafted, the bill sets GHG emissions goals of:

- reducing GHG emissions to 17% of the quantity of GHG emissions in 2005 by 2020; and
- reducing GHG emissions to 80% of the quantity of GHG emissions in 2005 by 2050.

The bill also addresses the disposition of allowances, with states receiving free allowances to invest in renewables and energy efficiency. The states would receive 10% of total allowances from 2012 to 2015, 7.5% from 2016 to 2017, 6.5% from 2018 to 2021, and 5% for all remaining periods.

Among many other things, the bill would direct investments in carbon capture and storage and a "smart grid" that would more efficiently deliver electricity. As importantly, the bill would impose a national renewable energy standard that would generally require that a retail electricity provider to provide 20% of its power from renewable sources or energy efficiency by the year 2020.

Finally, the bill (again, as currently drafted) would expressly preempt cap-and-trade programs in the states (and in smaller political divisions) between 2012 and 2017. This could impact California's more aggressive plans for cap and trade. The bill would not preempt other efforts to reduce GHGs in the states, but all of this could change as the bill goes through markup and is considered by both legislative chambers.

If federal legislation does not materialize, the U.S. EPA could step in to regulate GHG emissions. On April 17, 2009, U.S. EPA released a proposed finding that sets the stage for the regulation of GHGs under the federal Clean Air Act. The proposed finding does not include any proposed regulations, and many commentators view the measure as a tactic to pressure and encourage Congress to legislate in this area.

UTILITY RATES

SCE's General Rate Case (GRC)

SCE and participating parties have filed four settlement agreements that address rate design for residential, small commercial, medium and large commercial, agricultural and pumping, and street and area lighting. If the proposed settlement agreements are approved by the Commission, they would become effective October 1, 2009. The presiding ALJ has not yet issued a Proposed Decision that would approve and adopt the settlement agreements.

Critical Peak Pricing (CPP)

The settlement agreements in SCE's GRC reflect default or optional CPP rates for all rate groups. In particular, the settlement agreements provide a default critical peak pricing and mandatory time-of-use (TOU) for large (> 200 kW) commercial customers, default peak time rebate (PTR) for residential customers, and optional CPP or real time pricing (RTP) for each rate group to be implemented on October 1, 2009.

SCE has indicated that it will propose dynamic pricing proposals for all applicable rate groups in its 2012 General Rate Case when that application is filed either in February or March 2011.

Fuel Cost Pass-through Cases

On January 29, 2009, the CPUC authorized an increase of $330.8 million to SCE's 2009 Energy Resource Recovery Account (ERRA) revenue requirement. This was only slightly less than SCE's proposed increase of $341.9 million. According to SCE, its proposed rate change would result in an average bill increase of $1.21 (or 1.45%) per month, from $83.59 to $84.80.

Southern California Gas Company Biennial Cost Allocation

On December 4, 2008, the CPUC adopted the settlement agreement in SoCalGas's Biennial Cost Allocation Proceeding (BCAP). The Settlement Agreement resolved issues related to the total amount of gas storage inventory, storage injection, and storage withdrawal capacities that will be made available for balancing purposes and to the core and noncore customers in southern California over a six-year term.

ENERGY EFFICIENCY

CPUC Energy Efficiency Programs

2009 – 2011 Energy Efficiency Portfolio

In March 2009, the investor-owned utilities submitted amended applications for the 2009-2011 energy efficiency program cycle. The utilities are requesting nearly $4 billion in total, nearly double the amount requested for 2006-2008. Parties have commented on the utilities' amended proposals. The LGSEC observed that a major change between now and last summer, when the original applications were submitted, is the passage of the American Reinvestment and Recovery Act ("ARRA"), which requires local governments to undertake energy-related projects immediately. If the CPUC wishes to leverage public goods charge funds with ARRA monies, it must ensure that there are fewer, not more, regulatory requirements and quick disbursement of funds. We argued that utilities receive energy savings credit only for work funded by ratepayers. We were joined by several other parties in asking the CPUC to recast the time period for this program cycle, either to 2010-2012, or to 2010-2011 with the expectation of a 5-year cycle that would commence in 2012.

We suggested that the CPUC would best achieve the institutional transformation goals in the *California Energy Efficiency Strategic Plan* by directing the utilities to fund a Resource Conservation Manager position for each partnership. In addition, in order to achieve State goals, the utilities should fund Resource Conservation Managers for those government entities that are not part of a partnership, particularly school districts and other special districts. We want this to become a permanent feature of local government programs. We also asked the CPUC to establish an evergreen clause for local government partnership programs, and made the case for the utilities to supply energy usage data to local governments and other customers in electronic format.

Other parties raised concerns about the amount of money and effort the utilities propose to spend on compact fluorescent lights, arguing that the CFL market is transformed and utilities should focus on other areas, particularly comprehensive, whole-building solutions, HVAC, and more innovation.

The CPUC is expected to issue a decision on May 21 that will address some of the policy changes the utilities have been requesting. The proposed decision from the Administrative Law Judge does not grant very many of the utilities' requests, so we expect there may be an alternate. When the decision is issued, the utilities will need to re-submit their proposals, as some of the assumptions will change.

It is not clear what timeline or process the CPUC will use to process these applications. The CPUC has committed to approving them in August 2009, but it will not be surprising if that date slips.

Bridge Funding

Local government partnerships have been operating on "bridge funding" since January. The LGSEC has told the CPUC that the bridge funding is inadequate to maintain program comprehensiveness and continuity. Other parties have echoed this concern. It is not clear that the CPUC will do anything about bridge funding, which is authorized through December 2009.

Programs for Low-Income Customers

The CPUC continues to roll out an expanded low-income energy efficiency program. The CPUC has directed the utilities to better combine the low-income programs with other utility energy efficiency programs. A new wrinkle for low-income programs is the very large increase in funds for weatherization programs, which are administered by the State Consumer Services Department.

Shareholder Incentives and Energy Savings Goals Revisited

The CPUC opened a rulemaking in January to look at how to further revise the shareholder incentive mechanism for utility energy efficiency programs. In early April the CPUC staff issued a white paper proposing a streamlined mechanism. Parties commented on the proposal at the end of April, and reply comments will come in the second week of May.

The CPUC also is going to consider whether it should revise the energy savings goals for the 2009-2011 energy efficiency programs in light of new information and policy decision. The CPUC held a workshop on May 18 to develop a record on this.

RENEWABLE ENERGY POLICIES

Feed-in Tariffs

The CPUC and the CEC are both looking at whether to expand the current feed-in tariff to apply to projects that are larger than a maximum output of 1.5 MW. A proposal from the CPUC staff would direct the investor-owned utilities to establish a tariff for projects up to 10 MW. Some renewable advocates would like to see the feed-in tariff accommodate projects up to 20 MW. In comments on the CPUC proposal, several parties suggested the CPUC adopt a very streamlined tariff like that used in Germany. These parties find the terms and conditions in the staff proposal unduly burdensome, and a barrier to participation.

There also are numerous bills in the Legislature that address renewables. They range from increasing the renewable portfolio standard to 33% (from the current 20%) to raising the cap on net metering to either tweaking or completely replacing the current feed-in tariff model.

DIRECT ACCESS

The CPUC continues to slowly move forward on reinstituting DA. The CPUC created a working group to determine how best to phase out the DWR contracts. The working group released the first of its planned monthly reports on May 7, 2009, which indicated that the utilities and DWR have begun the process of contacting the various generators for the purpose of entering into contract novations that will relive DWR of its obligations.

COMMUNITY CHOICE AGGREGATION

In the CPUC's CCA proceeding, the parties have reached an agreement in principle on bonding and re-entry fee requirements. A settlement conference will be held on May 27. Parties will then be provided an opportunity to comment of the settlement proposal. The CPUC will probably not adopt the settlement agreement until at least this fall.